

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1741 – HB 1947

April 26, 2010

SUMMARY OF AMENDMENT (017536): Deletes the original language of the bill. Creates a new tax mechanism to collect state sales and use tax on e-commerce transactions. Requires each retailer doing business in Tennessee that does not collect state sales tax to notify Tennessee purchasers that sales or use tax is due on certain purchases made from the retailer, and to notify the Department of Revenue (DOR) about such purchases. Retailers shall provide such notice to purchasers prior to January 31 of each year. Requires any purchaser receiving a notification to file a sales tax return.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

State Revenue Net Impact – Not Significant
Increase State Expenditures – Not Significant

Local Revenue – Net Impact - Not Significant

Assumptions applied to amendment:

- The revenue impact for this bill as amended is dependent upon several unknown and offsetting factors such as the number of retailers that will provide purchasing consumers the appropriate notice, the extent to which certain national retailers decide to cease affiliations with Tennessee affiliates to avoid the proposed reporting requirements, the extent of taxable transactions discovered and reported to DOR, and the extent to which purchasing consumers file sales and use tax returns with DOR.
- Given the extent of unknown and offsetting factors, determining a precise revenue impact for the bill as amended is difficult. As a result, the net impact to state and local government revenue is estimated to be not significant.

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- Based on information received from DOR, the Department can accomplish the provisions of this bill as amended within existing resources without an additional appropriation or a reduced reversion.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/rnc